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RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 002177

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SUBJECT: PRC/RUSSIA: MFA, SCHOLARS DOWNPLAY IMPACT OF
MARKET CLOSURE AMID CRITICAL MEDIA, BLOG COMMENTARY

REF: MOSCOW 1910

Classified By: Deputy Political Section Chief Ben Moeling. Reasons 1.4
(b/d).

Summary

¶11. (C) In response to the closure by Moscow authorities of the Cherkizovsky market, the largest Chinese market in Russia (reftel), China's state-controlled media was uncharacteristically critical of Russia's "heavy handed" actions, and the issue generated commentary among Chinese bloggers complaining that Beijing's response was too slow and questioning the positive bilateral relationship that has developed in recent years. An MFA official acknowledged that Chinese merchants were frustrated that significant quantities of Chinese goods remained impounded at the market and an unknown number of Chinese were still in Russian custody. She sought to downplay the significance of the incident and said that China hoped it would not have a negative impact on the broader relationship. PRC academics asserted that the incident would not affect bilateral relations, with one scholar noting that good relations with Russia remained extremely important to the Chinese leadership, second only to relations with the U.S. A Beijing-based Russian diplomat chalked up the incident to Russia's respect for the rule of law. END SUMMARY.

Strident Criticism in PRC Media, Blogosphere

¶12. (C) The Cherkizovsky closure received front page coverage and was a key editorial subject over several days in state-run newspapers. Articles in the Global Times (Chinese edition) were uncharacteristically critical of Russia's "heavy handed" actions, and a Global Times editorial urged Russia to "Treat Chinese Merchants Fairly." The issue generated ten thousand responses to articles related to the incident on sina.com.cn, a traditionally pro-government news site, with many of these comments complaining that the Chinese government response to the issue was too slow. The majority of posts called for firm opposition to the Russian actions, with some suggesting that the market incident calls into question the overall positive trend in the bilateral relationship. Some also used the issue to complain about the lack of respect China receives in international relations despite its growing economic power. (Comment: The PRC government frequently pays netizens, known as the "50 Cent Party," for posting government-approved messages on Chinese websites. However, given the critical tone of these postings, it seems unlikely that the 50 centers played a role

on this issue. End comment.)

MFA Hopes for No Impact on Relations

¶3. (C) In a July 27 meeting, MFA Department of East European and Central Asian Affairs Deputy Division Director Jiang Na told PolOff that China hoped the incident would not negatively impact bilateral relations. Jiang acknowledged that Chinese merchants were frustrated that significant quantities of Chinese goods remained impounded at the market and that an unknown number of Chinese citizens were still in Russian custody. Jiang noted that "several issues" related to the incident remained unresolved but China was satisfied so far by the results of the mission to Moscow to deal with the issue led by Vice Minister of Commerce Gao Hucheng and that negotiations on the issue were "friendly and constructive."

As Ever, MFA and MOFCOM Accentuate the Positive

¶4. (C) Despite these difficulties, in his public comments after the visit, Vice Minister of Commerce Gao Hucheng said that China and Russia were working together to design new customs policies and would make a joint effort to crack down on illegal trading. Jiang also sought to downplay the significance of the market closure, noting that "normal procedures" for solving the incident were implemented by the Russian authorities. She emphasized the broader progress made in bilateral relations and noted that 150 Chinese

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businessmen arrested in conjunction with the market closure had been released after the Chinese Embassy in Moscow intervened with Russian authorities. She also claimed that Chinese market employees that lost their jobs were beginning to find new work. Jiang insisted that this incident would not change Chinese willingness to invest in Russia as China had long believed the potential for friction with Russia over commercial issues needed to be resolved, and Chinese businessmen were aware of Beijing's position.

Scholars: Market Issue Shows Need for Improved Communication

¶5. (C) Professor Xing Guangcheng, director of the Borderlands Institute at the Chinese Academy of Social Sciences (CASS), told PolOff July 21 that the market closure would have minimal impact on China-Russia relations, but cautioned that China and Russia needed to create more regular channels for diplomatic communication to prevent such incidents from emerging in the future. In a July 29 meeting with Qian Wenrong, Senior Research Fellow of Xinhua Center for World Affairs Studies, he claimed that while the negative press coverage of Russia over this incident would hurt Russia's image in China, on a strategic level there would be no impact on relations, as good relations with Russia remained extremely important to the Chinese leadership, second only to relations with the U.S.

A Demonstration of Rule of Law, Russian Style?

¶6. (C) Russian EmbOff Denis Agafonov acknowledged to PolOff July 16 that the MFA had raised this issue at a high level and that some Chinese citizens were offended by the market closure. However, he stressed that the incident would not impact major investment projects nor hurt overall bilateral relations, adding that the matter was purely domestic and reflective of Russia's commitment to enforcing rule of law.

GOLDBERG